Saskatchewan Agriculture and Food

FARM *FACTS*

Meat goat production in Saskatchewan

A guide for estimating investment and operating costs

This publication is intended to be used by producers who are:

- interested in learning more about the economics and production aspects of a meat goat enterprise; or
- who are already in production and would like to compare costs at different levels of production in order to make management decisions.

This publication is intended to provide a format and a set of guidelines for determining costs of production for meat goat operations. The production costs included in these enterprise budgets are estimates based on information obtained from goat producers in the province. While these figures were considered accurate at the time, they should only be used as a guideline when preparing budgets for your own operation.

The benchmark figures used in the budgets are calculated for a stand-alone enterprise rather than an enterprise that is part of a multi-enterprise farm unit. In a multi-enterprise farm operation building and equipment investment and operating costs may be shared between enterprises and could be less than what is shown in the example.

It is important to recognize that investment costs include a 4% return to the land, 6% return to buildings, equipment, and breeding stock. A charge for operator management and labour has also been included.

Given the economic environment in agriculture many types of farm operations are not able to cover all costs of production. As a result, producers need to use their own figures based on their own practices to evaluate various production alternatives to generate the greatest return from their available resources.

Market Overview

More goat meat is eaten world wide than any other type of red meat, although very little of it is consumed in North America (Alberta Agriculture, 1994). However, as people continue to immigrate into North America from traditional goat consuming nations, the domestic demand for goat meat in these ethnic markets continues to increase. This ethnic demand for goat meat is derived from a number of social and religious traditions. As a result, there is a lot of seasonality in the demand for goat meat. Two of the main demand peaks occur in early spring and late fall which coincide with the religious holidays of Ramadam and Eid. Demand for specific carcass sizes also varies within each market segment.

The four main size classes that are demanded are 30 lbs, 60 lbs, 90 lbs, and 150 lbs. (above weight classes are on a live weight basis). Prices can vary considerably between each market so it is important for producers to understand the markets they are targeting and tailor their production to meet these standards.

Management Decisions

- Consideration must be given to various areas of management, including production, finance, marketing and human resources.
- What classes or categories of kids are you planning on producing? This may vary with demand, timing and ability of the operator. Does the plan include sale of breeding stock?
- Investment and financial requirements can vary substantially. Is your plan to have the goat enterprise a part of other farm enterprises, standalone, combined with off-farm employment or any combination of these? Does your lender understand the business you are financing?
- Marketing decisions are important considerations. Who and where is the market? Do you have established buyers and what is the method of transaction? Are contracts or other arrangements in order? Are prices net of marketing costs and shrink or do you negotiate a price and pay all other fees?

The number and size depicted in this fact sheet is a guide. The viability of each enterprise varies with the operator, investment, management and lifestyle required.

Income and Expense Summary for a 100 Doe Meat Enterprise

		$/lbs	$/Year	$/Doe/Yr	Your Farm
Income					
1	30 lbs Kid Sales	$ -	$ 0	$ 0.00	
2	60 – 90 lbs Kid Sales (140)[1]	$ 1.69	$17,745	$177.45	
3	Breeding Stock (27)	$ 175/hd	$ 4,725	$ 47.25	
4	150 lbs Kid Sales	$ -	$ 0	$ 0.00	
5	Cull Sales (3)	$ 100/hd	$ 300	$ 3.00	
Total Income			**$22,770**	**$227.70**	
Operating Costs					
1.1	Doe/buck Feed Cost[2]		$ 3,040	$ 30.40	
1.2	Kid Feed Cost (birth-40 lbs)		$ 703	$ 7.03	
1.3	Kid Feed Cost (60-90 lbs)[3]		$ 2,678	$ 26.78	
1.4	Kid Feed Cost (90-150 lbs)		$ 0	$ 0.00	
Total Feed Cost			**$ 6,421**	**$ 64.21**	
2	Straw & Bedding		$ 300	$ 3.00	
3	Vet, Medicine and Supplies		$ 800	$ 8.00	
4	Maintenance and Repairs		$ 600	$ 6.00	
5	Utilities		$ 100	$ 1.00	
6	Manure Removal		$ 200	$ 2.00	
7	Insurance		$ 250	$ 2.50	
8	Annualized Buck Replacement Cost		$ 100	$ 1.00	
9	Office Supplies and Accounting		$ 250	$ 2.50	
10	Marketing Costs[4]		$ 2,695	$26.95	
11	Predator Control Dog		$ 220	$ 2.20	
12	Property Taxes		$ 360	$ 3.60	
Subtotal Operating Costs			**$ 5,875**	**$58.75**	
13	Operating Interest[5]		$ 369	$ 3.69	
Total Operating Costs			**$12,665**	**$126.65**	
Non -Cash Fixed Costs					
1	Depreciation		$ 2,388	$ 23.88	
2	Investment		$ 3,075	$ 30.75	
Total Fixed Costs			**$ 5,463**	**$ 54.63**	
Total Operating and Fixed Costs			**$18,128**	**$181.28**	
3	Labour		$2,000	$ 20.00	
Total Cost of Production			**$20,128**	**$201.28**	
Net Return			**$ 2,642**	**$ 26.42**	
Breakeven Price required to cover:				**$/lb [6]**	
Operating Cost				$ 1.01	
Operating and Fixed Cost				$ 1.45	
Operating, Fixed Cost and Labour				$ 1.61	

[1] Producers are likely to sell goats in all categories and weight ranges during a production cycle. (Lower weight kids require higher prices to cover variable and fixed costs). We used an average weight of 75 lbs. The income figures used in this example is a gross revenue per kid.

[2] Doe/Buck feed costs are based on 3 – 4 lbs of hay and 1 – 1.5 lbs of grain per day plus required salt and minerals. Pasture included in fixed costs.

[3] Birth to 40 lbs incorporate a hay and prepared ration supplement. From 40 to 75 lbs a hay, grain, mineral and salt ration is fed. (3/4 to 2.5 lbs of hay/day and .5 to 1 lb. of grain plus pasture).

[4] Marketing costs can vary with sales arrangements or contracts. This example incorporates a $19.25 marketing/transportation cost/ kid. (Some contracts can be arranged with pick-up off farm).

[5] Operating interest is based on 1/3 of operating costs at a 9% interest rate.

[6] Break-even price including breeding stock sales and related costs.

Assumptions

1. Buildings and equipment are valued at market value.
2. All feed is valued at market value.
3. Manure removal is contracted out.
4. 5 doelings are retained each year for replacements
5. Average productive life of a doe is 10 yrs.
6. Average productive life of a buck is 6 yrs.
7. On average 1 buck is required per 50 does.
8. Does are pastured on 80 acres for 120 days after kids have been weaned.
9. Kids are removed from does at 3 months of age and fed and/or pastured to a finished weight of 60 to 90 lbs.

Herd Profile

	Total		Your Farm
Number of Does	100		_____
Number of Bucks	2		_____
Doe Mortality Rate (%)	2	%	_____
Doe Cull Rate (%)	3	%	_____
Kid Weaning Rate (%)	175	%	_____
Kid post-weaning Mortality Rate (%)	2	%	_____
Kids Marketed*	140		_____
Kids sold in Market 1 (30 lbs. finish weight)	0		_____
Kids sold in Market 2 & 3 (60 – 90 lbs. finish weight)	140		_____
Kids sold in Market 4 (150 lbs. finish weight)	0		_____
Breeding stock sold	27		_____

- *Kids marketed is equal to the number of kids weaned less post-weaning mortality, doelings retained for replacements and breeding stock sales.
- For this scenario all kids are marketed at an average weight of 75 lbs and some females sold as breeding stock.

Capital Investment

		Your Farm
Buildings:		
Barn, shelters and Handling Facilities	$10,500	_____
Well and Watering Bowls	3,000	_____
Total Building Cost	**$13,500**	
Machinery & Equipment:		
Tractor & Loader	$15,000	_____
Truck (enterprise share)	$ 5,000	_____
Miscellaneous Equipment: Stock Trailer & Misc. Tools	$ 5,000	_____
Total Machinery Investment	**$25,000**	

		Your Farm
Land/Pasture*:		
80 acres @ $125/ac	$10,000	_____
Fence 1.5 miles @ $2750/mile	$ 4,125	_____
Total land/pasture investment	**$14,125**	

*Water development is assumed to be existing and/or included with the water development costs of the buildings and facilities.

Breeding Stock+:		
Does (100 x $200)	$20,000	_____
Bucks (2 x $500)	$ 1,000	_____
Total Breeding Flock Investment	**$21,000**	

+ Value of breeding stock can vary from $100/hd to over $1000/hd depending on breed and quality.

Total Capital Investment	**$73,625**	_____

Non Cash Fixed Cost Calculations

Depreciation

(Original Cost - Salvage Value)/Useful Life (yrs)		Your Farm
Buildings ($13,500 - 675)/25	$ 513	_____
Equipment ($25,000 - 2,500)/12	$ 1,875	_____
Total Depreciation	**$ 2,388**	

Investment Cost

Depreciable Assets:

(Original Cost + Salvage Value)/2 x Interest Rate		
Buildings ($13,500 + 675)/2 x 6%	$ 425	_____
Equipment ($25,000 + $ 2,500)/2 x 6%	$ 825	_____

Non-Depreciable Assets:

Investment cost = market value x interest rate		
Land and Pasture ($14,125 x 4%)	$ 565	_____
Breeding Stock ($21,000 x 6%)	$ 1,260	_____
Total Investment Cost	**$ 3,075**	

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Information Sources

Alberta Agriculture, Food and Rural Development. *Meat Goats*. Publishing Branch Alberta Agriculture and Food. 1994.

Saskatchewan goat producers

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Website Address: www.agr.gov.sk.ca

Saskatchewan Agriculture and Food

Printed April 2001
1M ISSN 0840-9447 SUS0022